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CAN EUROPE AFFORD HER ARMIES ?

BY THE RIGHT HON. SIR CHARLES W. DILKE, BART., M. P.

A DISTINGUISHED British financier and politician lately stated that the great nations of the continent will shortly have to choose between bankruptcy and reduction of military expenditure ; and I have been asked by the Editor what I think upon the matter.

As regards the chief military countries, I am sceptical about the truth of the statement. It is, indeed, possible that Italy may reduce her expenditure upon an army, the necessity of which to her existence is far from plain to her friends, although by her policy she has made it less unnecessary than it would otherwise have been. Austria-Hungary has already begun somewhat to draw in her horns ; but she cannot afford to disarm in face of Russia, and she may prove on examination to be as able to avoid bankruptcy as her rival has been. Russia was said to be hopelessly bankrupt a quarter of a century ago ; and when I was much there, in 1869 and in 1870, there was a general belief that she could not stand the pace. Since that time, however, she has enormously increased her military and naval forces, and appears now, by equally general admission, to be less near bankruptcy than she was then. The armaments of Europe depend mainly upon the armaments of France, and these upon the effect produced upon French pride by the defeats of 1870, and their results in the tearing from France of unwilling provinces. France spends more upon her army than does any other power, except the British Empire, and she is rapidly coming to rival the British expenditure upon navies. Such, however, is the wealth of France that there is no immediate prospect of her ceasing to pay her way ; and before she cuts down either her military or her naval expenditure she is likely to find a margin for economy in other quarters. France wastes her money recklessly upon colonial enterprises,

upon bounties of various descriptions, upon ill-considered tariff changes, and she is a long way from being forced by any absolute necessity to reduce her war expenses. Germany keeps pace with her as far as the increase of the army is concerned, but has ceased the rapid construction of a powerful navy, which is to her a less pressing need.

The sums spent upon the Continental armies and navies are not always easy to ascertain,—partly on account of the separation of many budgets into “ordinary” and “extraordinary,” and partly on account of the confusion of moneys from taxation with moneys from loan. In almost every case the expenditures greatly exceed the sums which are set down in the books of reference. I shall deal here with round figures—figures, indeed, of the roundest—for it is useless to go into small details, and I shall take an average of years, instead of the expenditure of any one period of twelve months. The British Empire spends as a rule upon defence from 250 million to 280 million dollars a year, of which the military expenditure of India, with the indirect expenditure for the sake of India on mobile land forces at home, forms the largest item. Almost the whole of this vast sum is expended out of British loans or taxes under the control of the Parliament of the United Kingdom, and out of Indian taxes under the indirect control of the House of Commons through the Secretary of State, who is a member of the Government of the day. This expenditure, although vast,—although open to the reproach that it does not do more than maintain a fleet slightly superior to that of France, and an army of very small numbers,—is a fleabite as compared (in its ill effect upon the wealth of the nation) with the military expenditure of Italy, or, in a less degree, with that of the other Continental powers. The evidences of the overpressure of taxation in India itself, many as they are, are slight in comparison with those which are present in the case of Italy; and it may be assumed, therefore, that, while the taxpayers of the United Kingdom and of India may make their voices heard in insisting upon better value for their money, the expenditure will not in itself be brought to an end by bankruptcy.

The French expenditure on defence is, on the average—although it is not easy to find it in the French budget—about 200 millions of dollars, for which their government provides an army of immense numbers and of perfect readiness for

war (hampered by the too great age of its generals, and the difficulty that a republican government lies under of getting rid of generals who are past their work) and a navy second only to our own and infinitely before that of any other power. For the reasons which I have given, it cannot be pretended that there is any immediate risk of bankruptcy in France; and not the smallest unwillingness has been shown by the French people to bear their defense expenditure. On the contrary, that expenditure has been increased in recent years by parliamentary pressure upon successive governments. France spends upon Algeria, on Annam, Tonquin and Cochin China vast sums of money, such as Great Britain has never at any time spent on any of her flourishing colonies; and the military necessities of these countries must be looked upon as constituting a considerable military weakness to France. As regards the colonial expenditure there is much difference of opinion in the country. Not a discordant note has, however, been heard with regard to the home military and naval expenditure. While France has been enormously increasing her army and navy, she has been spending vast sums upon war material, and it is estimated that the military stores of France, apart from the navy, have a capital value at the present moment of five hundred millions of dollars, to which must be added gigantic sums for ships and fortresses. The interest of the debt of France now amounts to considerably over 250 millions of dollars in the year, and it is, of course, constantly increasing, as France never makes both ends meet. But the increase in debt at the present moment is very much less than it has been in recent years, and it is possible to foresee that the French Government may be able to put an end to the creation of debt in time of peace, and to pay their way. On the whole, it must be admitted that French finance is improving instead of running down toward bankruptcy, of which there is not at present the smallest sign.

The annual cost of the German army and navy is misstated in all books of reference, and also in such official publications as the British Embassy Report on the budget of the German Empire, where it is taken at 167½ millions of dollars. We have, of course, to add to the Prussian budget the military budgets of Bavaria, Saxony, and Wurtemberg; and we have to remember that there are three classes of expenditure: "ordinary expendi-

ture," "ordinary expenditure for once," and "extraordinary expenditure." There are, however, in addition, many military and naval charges in Prussia upon civil votes. The German debts are very small. My estimate is that the total German military and naval expenditure is nearer 190 millions of dollars than the sum apparently shown by the estimates of the German Empire. It is borne with comparative ease.

When we come to the military expenditure of Russia we find in the books of reference the most fantastic figures. The rouble varies so much in value that it is very difficult to state the real amount of the military and naval expenditure of Russia, but the best estimate which I can make for it at the present moment is about 170 millions of dollars. Russia is now nearer to paying her way, in spite of famine and in spite of pestilence, than she has been for many years past. Her weak point in connection with her military expenditure is the slowness of her mobilization, while her strong point is her enormous "peace army," or force with the flag, which is, roughly speaking, double that of Germany or of France, or equal to that of the two put together. Coming to Austria-Hungary we find that which is somewhat new in connection with that country—a recent year which produced a surplus, after heavy deficits in previous years. The financial situation of Hungary is now good, and that of Austria better than it was; and in the case of Austria-Hungary, as in that of Russia, there is no reason whatever to apprehend bankruptcy. The position of Italy is the weakest of the whole of the great powers. She is the power whose war expenditure is the least easily borne, and the one whose finances stand the worst—chiefly, however, on account of her enormous debt, rather than on account of the direct pressure of her present military and naval expenditure, considered by itself. On the other hand, it is Italy which can the most easily decrease her military, if not her naval, expenditure. She is, as a fact, decreasing her expenditure; but she has still a steady deficit.

The result, then, of our examination goes to confirm the provisions with which I set out, to the effect that, with the doubtful exception of Italy, none of the Continental powers appear to be marching towards a bankruptcy well in view.

CHARLES W. DILKE.